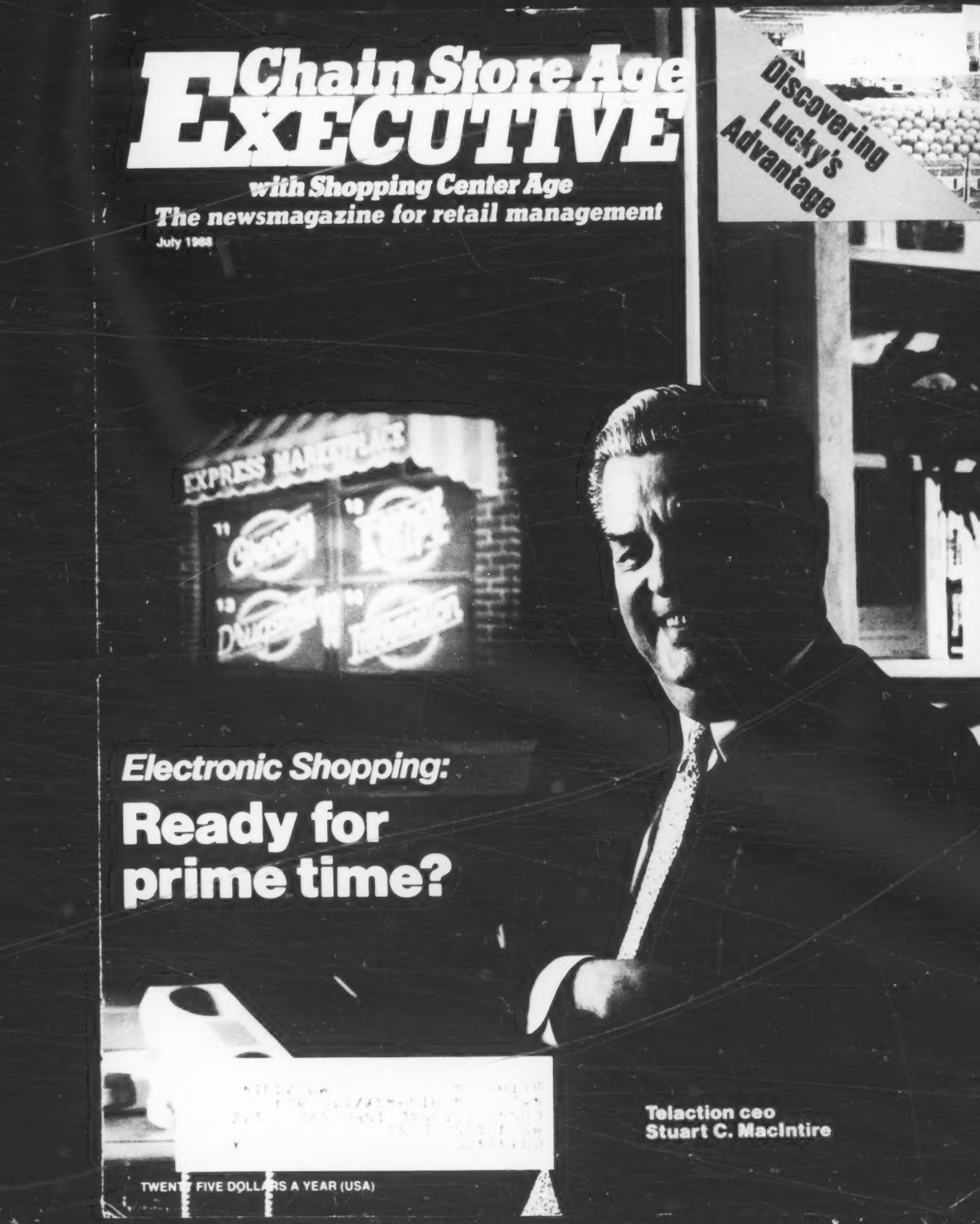
Chain Store Age EXECUTIVE

with Shopping Center Age

The newsmagazine for retail management

July 1988

Discovering Lucky's Advantage



Electronic Shopping:

Ready for prime time?

Telaction ceo Stuart C. MacIntire

TWENTY FIVE DOLLARS A YEAR (USA)

CONTENTS

STORE SIZES REFLECT BROADER MIXES

Chain Store Age Executive's annual physical supports census presents comparison data on costs per square foot for lighting, fixtures, signage, ceilings, HVAC, roofing, flooring and flooring maintenance as reported by the supermarket, drug store, home center, department store, specialty apparel and discount store industries. 62

ELECTRONIC SHOPPING: READY FOR PRIME TIME?

Electronic retailing is booming as never before. Big players—playing for high stakes—are betting that it will continue. 15

From the Editor's Desk 4
Perspectives 7
Shopping Center Age News . . . 46
Advertising Index 96B

DEPARTMENTS

Retail Technology: Computerized auto-dial telephone system boosts collection productivity. . . 51

New method of payment-by-phone features reduced paperwork, less costly processing. 52

What's in Store 54

Store Design: Lucky Stores' newest supermarket concept, Advantage, puts emphasis on service departments. 56

Finance: Study of stock turns at discount chains shows a difference of more than 100%. 58

Physical Supports: Annual census reports costs per square foot for construction, lifespans.

Signage 64
Lighting 68
Fixtures 74
Flooring 80
Flooring maintenance 82
Ceilings 86
HVAC 88
Roofing 90

SHOPPING CENTER AGE

CHICAGO MARKET IS FEELING THE POWER BOOM

The aggressive growth of power retailers, called "category killers," fuels much of the development activity in this busy Midwest area, according to some developers. Still others look to affluent suburban populations to support the construction of new upscale strips. 37

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HOME SHOPPING READIES FOR SECOND SEASON

NEW SHOWS, NO RERUNS, BETTER MERCHANDISE, MORE ENTERTAINMENT

When Clearwater, Fla.-based Home Shopping Network went on-the-air nationwide in 1984, it appeared that after almost a decade of trying, someone had finally come up with the ideal method of delivering electronic home shopping services to the American consumer.

The cable-television shopping channel, featuring on-air hosts offering consumers low-priced merchandise that they could purchase via telephone, quickly became the darling of Wall Street. Sales at HSN soared—and the number of competitors grew almost as rapidly.

SHOP TELEVISION NETWORK: BROADCASTING 48 HALF-HOUR THEMED SEGMENTS

The HSN bubble burst suddenly, though, when news leaked out that sales were failing to meet projections.

Detractors were quick to proclaim the demise of home shopping, citing HSN's woes as proof they were right all along in saying that American consumers just were not interested in using home shopping services.

Perhaps they have been too quick to sound the death knell. Admittedly, HSN last year failed to reach its original forecast of $800 million in sales.

However, the home television shopping industry itself is remarkably robust. Carmel, Calif.-based Paul Kagan & Associates estimates that total home shopping sales in 1987 soared to $1 billion—up a whopping 122% from 1986's $450 million. For comparison, in 1984 industrywide home shopping sales stood at only $20 million.

Kagan further forecasts that this year sales will jump an additional 40% to $1.5 billion. By 1992 revenues are projected to soar to $2.5 billion-$3 billion annually.

"Video retailing is not going to replace stores and it will not be a huge business. But it will be a very nice business," says Larry Gerbrandt, senior research director at Kagan.

Along with HSN, contributing to home shopping's growth are a host of additional home shopping shows all utilizing basically the same HSN model. The other major players include Cable Value Network, the Fashion Channel (about to be sold), America's Value Network (which recently filed Chapter 11), QVC Network and Shop Television Network—one of the newest entries.

It is unlikely that all will survive.

Compared to such services as cable TV's Telaction *(see story this issue)* and computer videotex's Prodigy, HSN and its sister networks are distinctly low-tech. "The simplicity of such systems may be their biggest drawback," says Gerbrandt.

"They appear easy to replicate, and therefore there is tremendous competition in this field," he explains. "At least two dozen attempts have failed in the last 36 months and we expect to see a couple more soon."

Along with competition itself, their success has been hampered by "the high cost of buying air time, poor fulfillment of orders, and trying to operate such services on a less than a 24-hours-a-day basis," says Gerbrandt.

On the plus side, he points out that "Americans like to be entertained while being sold, and these shows also bring back some of the salesmanship that is now lacking in most transactions. Plus, these systems capitalize on a person's enjoyment of having a package arrive at his doorstep. It's a reinforcing process.

"The economy of such systems is a retailer's dream," he emphasizes. "Distribution is centralized and it is necessary to have only one salesperson for the entire country. Only a relatively small capital investment is required to get started and this gives these companies relatively low-cost access to what is, in effect, retail space right in people's homes."

Providing further evidence of television home shopping's potential, a report prepared by Dublin, Ohio-based Management Horizons (a division of Price Waterhouse) lists the following positive factors impacting its growth:

- a large potential audience, a Nielsen Report that projects the number of bank cardholders will reach 76.9 million by 1990,
- the participation of conventional retailers in such programs,
- the already well-chronicled popularity of non-store marketing (the boom in catalog sales, for example)
- the sheer entertainment value of such shows.

Trying hardest to capitalize on entertainment is Los Angeles-based Shop Television Network, subtitled "The Better Shopping Channel."

STN entered into a joint venture with Dallas-based J. C. Penney last August (Penney now holds a majority interest) and in October began broadcasting its home shopping programming through cable lines. STN supplies all of the programming while Penney handles order-taking and fulfillment.

"We're the last player in the game when it comes to home shopping channels, but we have a very strong partner putting money in with us," says Michael Rosen, STN chairman and president.

"Our success as a home shopping service," he says, "depends on our ability to bring three basic elements to our viewers: a shopping format that informs and entertains throughout the selling process, a wide variety of quality product that represents great values, and an ordering and delivery standard that minimizes frustration and maximizes general customer satisfaction."

Unlike the usual home shopping channel programming, STN divides its offerings into distinctly different programs, creating 48 half-hour themed segments. The aim of each is to offer entertainment and information, while also featuring related brand name merchandise.

Hosts include Pat Boone, Juliet Prowse and Steve Edwards. Product experts appearing during specific segments include Shari Lewis ("Family Fun"), Beverly Sassoon ("Beauty"), Dr. Ron Lawrence ("Better Health and Fitness"), Susie Coelho ("Style '88") and Richard Simmons ("Shape Up").

Gary Smith, a winner of six Emmy Awards, is STN's executive producer. Programming, which runs 24 hours a day, originates from STN's own custom-built "indoor shopping mall" at Hollywood Center Studios.

"I believe that there eventually will be two home shopping networks, one at the low-end of the market and one that is dramatically different," says Rosen. He emphasizes that STN is going after the upper end of the market with its entertainment-oriented format.

West Chester, Pa.-based QVC Network takes a different approach. "We entice customers into watching and using our service through games and sweepstakes," explains D. Bruce Sellers, executive vp-affiliate relations. These include a word unscrambling game (QVC receives between 25,000 to 40,000 entries per week) and a lucky numbers game.

QVC presently is broadcast to approximately 13 million households. For the quarter ended April 30, net sales totaled $38.1 million, with earnings of slightly over $1 million.

Like STN, programming at QVC consists of different scheduled segments. "We like to make sure that the customer knows what she will find when she tunes in the channel," Sellers explains.

Approximately 15% of the merchandise QVC sells is supplied by Chicago-based Sears, Roebuck. The mix includes Sears Craftsmen tools and Kenmore appliances. Because most consumers are only now growing accustomed to dealing with home shopping programs, "Offering such well-known products initially helped us to bridge the credibility gap," points out Sellers.

Also helping to bridge that gap is the promise of a 100% money-back guarantee. To handle customer inquiries, QVC has set up a telephone number—entirely separate from order entry lines—where a customer service representative is available to answer questions 18 hours a day.

To help gauge customer satisfaction, QVC inserts a questionnaire in all packages it ships. Nineteen percent of customers fill out and return the form, Sellers says, adding that based on consumer acceptance to date, "we see a $1 billion business for our company within the next five years."

He believes that to be a long term survivor in this business "the service must be a 24-hour-a-day fully-dedicated network. The company itself must be responsible for everything from showing the merchandise to shipping it. And I believe the programming must be live," Sellers says.

"Furthermore, it's important that the format appeal to both shoppers and non-shoppers. It must have some entertainment value as well as just showcasing merchandise. The balance is critical," he says.

Already, cable viewers with access to such programming watch home shopping an average of one hour and six minutes a day, according to Bill Thompson, president of Largo, Fla.-based Thompson Associates, a supplier of merchandise for many of the home shopping channels.

He claims that the typical TV shop-at-home customer "is uncomfortable with shopping, but inquisitive. With TV shop-at-home the behavior of shopping is no longer necessary. That's why I believe that rather than shaking the tree, home shopping channels are finding a whole new branch of consumers." ■

FOR DISCOUNTERS, TURNAROUND IS THE ONLY PLAY

STUDY OF CHAINS' STOCK TURNS SHOWS A DIFFERENCE OF MORE THAN 100%

If you listen to Robert M. Zimmerman, discount stores should be ashamed of themselves.

These retailers, after all, make their money by controlling costs and managing merchandise effectively; one of the major measures of the latter is inventory turnaround.

Yet according to a newly-released survey by Coopers & Lybrand, the difference among discount store chains regarding turnaround exceeds 100%, with the most efficient store turning over merchandise more than twice as often as the least. Zimmerman is chairman of the firm's Retail Industry Practice.

The firm asked 25 major discount store chains to report their annual inventory stock turn results; 15 of the 25 responded, "and for the most part they are the people you would want to respond," says Zimmerman.

Stores were asked to report end of month inventory for 12 months and the opening inventory for the end of that 12 months, and divide by 13 to determine the average number of turns.

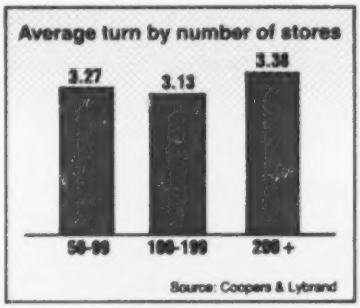
It is that difference that is most surprising to Zimmerman. "The biggest number we have is 4.96; the smallest is 2.40, and that's not a small company. Whoever he is, he's doing over $500 million worth of sales," says Zimmerman.

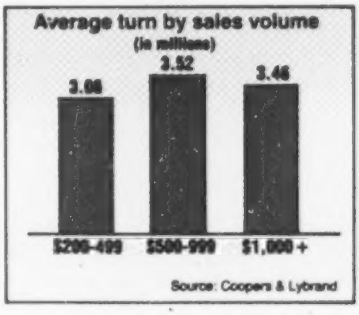
Firms analyzed in the study were divided into three sales categories: $200 million to $499 million; $500 million to $999 million; and over $1 billion.

"So here we have a group of 15 companies who are in the same business, selling the same kind of merchandise in the same way to the same kind of customer at the same price points; within reason, you cannot get a more homogeneous group of retailers," Zimmerman continues. "Yes, each is unique, and each has something that differentiates it, but basically, they're selling the same merchandise at the same prices in the same way: front-end checkout, self-service, with a mix of hard and soft that isn't that different.

"So how do you get, in a figure as important as merchandise productivity, twice the difference from the bottom to the top? That's astounding! Their margins don't differ by twice, their expense ratios don't differ by twice; nothing differs by twice. Yet merchandise productivity does."

But what does it mean? "What it says is: you really have a mess out there. It's not consistent: it has to do with how people run their business. There are six seasons in a year in the softgoods business; so why aren't softgoods turning six times? Sure there's overlap, imports you have to bring in earlier; [but] there's also sloppy buying, sloppy distributing, pipelines that are too full, merchandise that doesn't move right, markdown not taken properly." Results range from 2.50 to 5.20, an even greater difference than overall.





Even more guilty are those selling hardgoods, says Zimmerman; results in that category ranged from a high of 4.62 to a low of 2.43. Again, he maintains that this isn't good enough. "Hardgoods, as far as I'm concerned, should turn 12 times a year—with some exceptions. What's the big deal? It should be on a one-on-one replacement with certain kinds of merchandise. It's predictable, it's stable, even if it's seasonal, even if you're dealing with things like garden hose."

The number of stores in the chain seem to have little relationship to the amount of turn: stores with between 50 and 99 units reported an average of 3.27, while 100-199 unit chains reported 3.13 and chains with more than 200 outlets averaged 3.38. According to Zimmerman, geography also was irrelevant.

"Distribution technique doesn't matter, either. Some people run everything through a central warehouse; some people don't have one. Some use a lot of vendor service; some use a little. You have all the permutations of how to move merchandise through the business. And I don't see that as a correlation, either," says Zimmerman.

Nearly as important, the median annual turn for the 15 companies was 2.9, slightly *below* the 3.0 figure reported in 1982 (the last time such as survey was undertaken by Coopers & Lybrand), despite the great technological advances that have taken place throughout the retail industry.

"It's not like the industry has developed techniques that have enabled them to move merchandise more effectively than they did five years ago. That's too bad," says Zimmerman. This may change soon, though. "We're starting to put together the UPC bar-coding and the automated inventory systems into the EDI environment, in which the linkages between the sources of the customer demand are going to be so short that the really good operators are suddenly going to break those numbers. And that 5, while a good number, won't be the top number in a couple of years," says Zimmerman.

In addition, discounters will learn from colleagues, he says. "You're going to see the techniques used by the warehouse clubs being used by the discount industry. Some of the techniques used in the supermarket industry are going to be used in the discount industry. So what you're going to have is a combination of new and improved techniques, and the leaders will start to inch their numbers above 5, and the guys still at the 2½-3 level will be out of business."

"So I end up, based on a subjective feel for what I've seen, believing that it's execution that counts. That the guys with the biggest turn numbers are the companies that you know to be the most effective operators. It is almost irrelevant as to the techniques they employ; they just do it better."■

STORE SIZES REFLECT BROADER MIXES

SURVEY SHOWS RETAILERS ARE ADDING SPACE TO INCLUDE NEW MERCHANDISE

When walking into a new store the first thing the customer notices is the merchandise displayed in front of her. Rarely does she give much thought to the design of the store itself.

Those who have responsibility for that design, however, know how important their work is when it comes to conveying the store's image and making sure it generates maximum sales.

To try to make their jobs slightly easier and in recognition of the hefty capital expenditure budgets handled by store planners and designers, *Chain Store Age Executive* presents its annual physical supports census.

This census presents cost comparison data on how much per square foot is being spent on various physical supports. Information on the average lifespan of each is also provided.

The census also includes data about the average size of various types of stores, and cost of building them.

There are very few overall trends that can be discerned from this data. It does appear, though, that several types of stores are growing larger.

The biggest increases are in the drug store field, a reflection of the rapid growth in deep discount drug stores which are generally larger in size than more conventional units.

Survey participants report that the average size of their existing stores is 24,600 sq. ft., considerably larger than the average size of 14,300 sq. ft. reported by last year's group.

There has also been a sharp rise in the size of supermarkets during the past 12 months. While respondents report that the average size of their existing stores is 35,900 sq. ft., stores opened in the last year are averaging 52,000 sq. ft.

Format changes are also contributing to an increase in home center square footage. Those home centers surveyed report that their existing stores are averaging 32,400 sq. ft. in size, an increase from last year's average of 28,300 sq. ft. It appears that even operators not involved in the warehouse business *per se* are taking lessons from those chains and building their stores larger to house more merchandise.

Unlike their drug, supermarket, and home center counterparts, the situation appears close to *status quo* for department stores and apparel specialty stores when it comes to store size.

The department stores participating in this year's survey report that the average size of their existing stores is 136,600 sq. ft.; this compares to an average of 148,300 sq. ft. for last year's group.

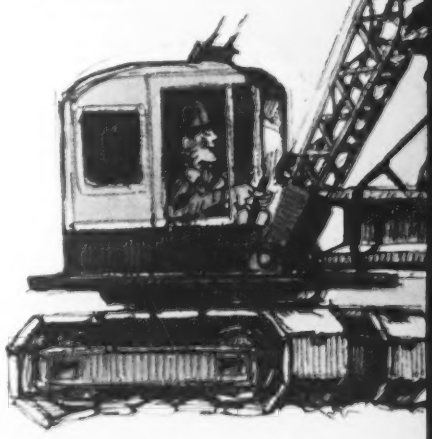
Department stores are starting to grow smaller again, though, with the average size of stores opened during the last year sliding to 110,200 sq. ft.

As for the apparel retailers, the average size of their existing stores is 23,700 sq. ft., up only slightly from 21,200 sq. ft. reported last year. The size is continuing to go up, however, with these same retailers noting that the average size of their stores opened during the last year now stands at 25,900 sq. ft.

The only category of retailing where store size appears to be sharply diminished is among discount store operators. The store size of existing discount stores surveyed averages 61,800 sq. ft., down from last year's average of 88,700 sq. ft.

Looking ahead, size is on a slight upswing, with these same discounters reporting that the average size of their stores opened during the last year is 67,700 sq. ft.

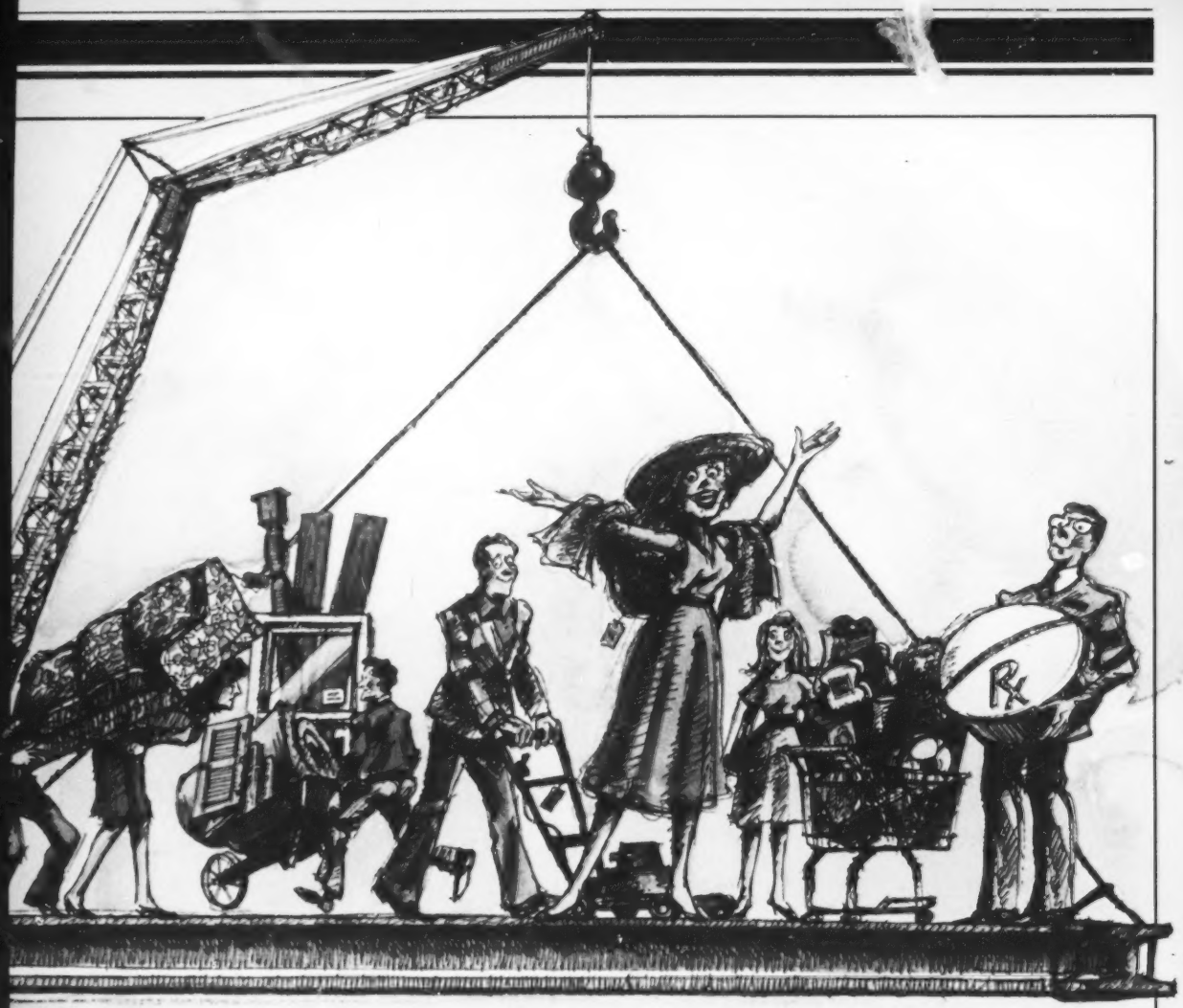
No matter what their primary business, it's clear that each and every retailer is taking a close look at just how large his stores need to be to get the job done of meeting customer needs. They had better come up with the right answers.



Apparel Specialty
***Existing stores:* 23,700 sq. ft.**
***Amount of selling space available in typical store:* 19,648 sq. ft.**
***Size of stores opened in 1987-88:* 25,900 sq. ft.**
***Amount of selling space available in stores opened in 1987-88:* 21,548 sq. ft.**
***Cost to erect a building shell within last 12 months:* $26.50**
Source: *Chain Store Age Executive* research

Department
***Existing stores:* 136,300 sq. ft.**
***Amount of selling space available in typical store:* 111,085 sq. ft.**
***Size of stores opened in 1987-88:* 110,200 sq. ft.**
***Amount of selling space available in stores opened in 1987-88:* 92,127 sq. ft.**
***Cost to erect a building shell within last 12 months:* $38.20**
Source: *Chain Store Age Executive* research

Discount
***Existing stores:* 61,800 sq. ft.**
***Amount of selling space available in typical store:* 50,368 sq. ft.**
***Size of stores opened in 1987-88:* 67,700 sq. ft.**
***Amount of selling space available in stores opened in 1987-88:* 53,763 sq. ft.**
***Cost to erect a building shell within last 12 months:* $22.90**
Source: *Chain Store Age Executive* research



Drug
Existing stores: **24,600 sq. ft.**
Amount of selling space available in typical store: **19,477 sq. ft.**
Size of stores opened in 1987-88: **20,600 sq. ft.**
Amount of selling space available in stores opened in 1987-88: **16,026 sq. ft.**
Cost to erect a building shell within last 12 months: **$29.00**
Source: *Chain Store Age Executive* research

Home Center
Existing stores: **32,400 sq. ft.**
Amount of selling space available in typical store: **25,045 sq. ft.**
Size of stores opened in 1987-88: **31,800 sq. ft.**
Amount of selling space available in stores opened in 1987-88: **24,104 sq. ft.**
Cost to erect a building shell within last 12 months: **$27.60**
Source: *Chain Store Age Executive* research

Supermarket
Existing stores: **35,900 sq. ft.**
Amount of selling space available in typical store: **25,991 sq. ft.**
Size of stores opened in 1987-88: **52,000 sq. ft.**
Amount of selling space available in stores opened in 1987-88: **38,376 sq. ft.**
Cost to erect a building shell within last 12 months: **$31.00**
Source: *Chain Store Age Executive* research

GRAPHICS AT UPS & DOWNS: GAINING CUSTOMER ATTENTION WITH ITS IMPLICIT MESSAGE, SCALE AND LOCATION

UPS & DOWNS: IMAGE VIA SIGNAGE & GRAPHICS

JUNIOR WOMEN'S APPAREL CHAIN INSTALLS INTEGRATED PROGRAM

Two years ago, the management team at Infield, Conn.-based Ups & Downs, a junior women's apparel store, decided that the chain needed to change its image—or at a minimum it needed to project a more consistent one.

Management then believed that its target customer, a female between the ages of 14 and 23, was not sure exactly what Ups & Downs, a division of Cincinnati-based U.S. Shoe, was all about.

To help clear up such problems, Ups & Downs management contacted Robert Gersin, president of Robert Gersin Associates, based in New York City, to create a cohesive graphics and signage program for all of its stores. (Gersin was the firm responsible for the award-winning graphics put in place at all of A&P's Future-Stores.)

Says Gersin, "The real issue is image building through graphics. This includes the environment, the actual signage used, and other promotional devices. These are all part of what we do. That's why we have designed an integrated system."

The store's graphics show different parts of a woman's body clad in Ups & Downs merchandise.

Maintaining that the image the retailer is attempting to project does not stop at the checkout, Gersin also designed shopping bags featuring the identical graphics to those that hang on the store walls. This provides the customers with strong images of the chain, says Dale Alexander, Ups & Downs president.

Gersin's graphics and signage program has been fully installed in six units which Gersin designed from the ground up. All 400 stores, however, have adopted part of the signage system.

"Prior to this new program," Alexander says, "it was whatever someone came up with that the stores used. There was no theme."

He explains, "Someone would say, 'It's fall, so let's use a fall sale sign,' and then they would pick specific price points for the sale merchandise."

Lifespan for interior signage

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
5 years or less	43	65	25	15	45	50	55
6-10 years	31	10	50	50	10	30	35
11-15 years	7	10	5	25	—	—	—
16-20 years	2	5	5	—	—	—	—
Lifetime/permanent don't replace	8	5	15	5	10	10	—
As needed/required	3	—	—	—	15	—	—
Don't have it/don't use it	3	5	—	—	5	—	10
Don't know/can't estimate	5	—	—	5	15	10	—
(MEAN NUMBER OF YEARS)	(6.6)	(7.4)	(8.5)	(9.2)	(3.5)	(5.5)	(4.3)

Source: *Chain Store Age Executive* research

Cost per square foot for interior signage

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
Less than $0.10	23	20	30	10	25	25	30
$0.10-$0.14	8	5	10	5	–	10	20
$0.15-$0.25	18	40	20	–	15	15	15
$0.26-$0.50	17	20	15	25	15	25	–
$0.51-$0.75	3	–	5	5	5	5	–
$0.76-$1.00	8	–	15	10	5	–	20
$1.01-$2.00	3	5	–	15	–	–	–
More than $2.00	4	5	–	10	5	5	–
Don't know/no answer	3	5	–	–	5	–	10
All other mentions	2	–	–	–	5	5	–
Don't know/no answer	10	–	5	20	20	10	5
(MEAN)	($0.43)	($0.39)	($0.30)	($0.88)	($0.43)	($0.36)	($0.29)

Source: *Chain Store Age Executive research*

If a retailer implements signage in this haphazard fashion, Alexander says, the retailer does not project a consistent image, because the message changes from event to event.

Instead, with the new program, red signs always mean a sale, and yellow signs always mean clearance, explains Alexander. Some of the signs list either specific price discounts or a percent off, he says.

Gersin breaks visual imagery into three categories: implicit communication, explicit communication and promotions.

The implicit message, he says, projects a sense of lifestyle. It is a statement of how fashions are worn by customers. Therefore, Gersin says, the retailer focuses on the merchandise. It has nothing to do with the store, just the clothes, he says.

"The explicit message is a sign saying that there is a sale," Gersin explains.

"We are very consistent," he says. "We speak 'sale' the same way every time. We don't shout it one time, and whisper it the next. This way, the customer understands us. She is comfortable shopping in the store, and we get the information to her quickly," Gersin says.

Finally, in between the implicit and the explicit message, according to Gersin, is the promotion.

"This tells customers that there is something special going on in the store. These are short-lived events," he observes.

In working with various retailers—including both Sears, Roebuck and Casual Corner (another U.S. Shoe division)—Gersin and his design team have discovered that many retailers do not have a clear understanding of the purpose of signage.

"Signage is essential," he observes. "Certain kinds of signs, the consumer swallows whole. Others, they won't even look at. Many retailers don't learn the difference."

Gersin thinks that there is a great opportunity for retailers to do signing better.

"I think there is a horrible excess of signing out there," he says. "The trend when business is poor is to barrage the customer with signage to attract her attention. This attention is self-canceling," says Gersin.

In the Ups & Downs locations, the visual imagery is naturally placed. Customer attention is attained because of the scale and the location.

For example, the graphics are large and are placed on one wall in a sequence. The signage is intermingled and uses the same color scheme as the rest of the fixtures.

"All parts are balanced in every store we do. This is the common denominator in all of our projects—we essentially create a new entity," says Gersin, adding, "In each unit, we tell its story a different way because each retailer is unique." ■

LIGHTING ON THE BOTTOM LINE

ACCOUNTING FOR 60¢ OF ELECTRICITY DOLLAR

"Lighting is a key to retailing, and it's also an operating cost," observes lighting consultant Berney Harris, president of New York City-based Easy Elegance. According to Harris, merchandisers often work under mistaken notions of cost-effectiveness. "They'll spend $25,000, $30,000 on an ad, [yet won't invest so] people see things in the store at the optimum level. Poor lighting can cost people sales. And if there is a way to improve the bottom line on lighting, I think it's through the latest in lighting at the lowest operating cost."

This can have a major impact on the bottom line. According to Harris, 60¢ of every retailer's dollar spent on electricity is spent on lighting.

That's far too much, agrees George Briggs, vp-store planning of Totowa, N.J.-based Shoetown. "Years ago, retailers overlit everything 30% anyway. Electricity was cheap; it was 4¢ a kilowatt hour. Now it's an average of 12¢ a kilowatt hour. So it's gone up 300% to 400% since they've been doing it. It really is a lot of energy; they don't need that much light; it's how

Cost per square foot for interior lighting

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
Less than $0.10	6	—	25	—	5	5	—
$0.10-$0.14	8	10	15	—	—	10	10
$0.15-$0.25	11	5	5	20	5	20	10
$0.26-$0.50	15	25	10	15	5	25	10
$0.51-$0.75	8	5	5	5	5	20	5
$0.76-$1.00	11	15	10	10	15	—	15
$1.01-$2.00	19	30	25	30	25	5	—
More than $2.00	20	10	5	20	30	10	45
Don't know/no answer	4	—	—	—	10	5	5
(MEAN)	($1.06)	($0.98)	($0.70)	($1.17)	($1.47)	($0.63)	($1.43)

Source: *Chain Store Age Executive research*

FIXTURE PLACEMENT: DIRECTING LIGHT ON MERCHANDISE SAVES ENERGY

Lifespan for interior lighting

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
5 years or less	15	5	25	15	5	15	25
6-10 years	33	30	40	15	40	20	55
11-15 years	15	20	5	15	20	25	5
16-20 years	22	35	20	35	25	15	—
21-25 years	4	5	5	—	—	15	—
30 years or more	—	—	—	—	—	—	—
Lifetime/permanent don't replace	8	—	5	20	5	10	10
As needed/required	1	5	—	—	—	—	—
Don't know/can't estimate	2	—	—	—	5	—	5
(MEAN NUMBER OF YEARS)	(12.4)	(14.4)	(11.1)	(13.6)	(13.1)	(14.2)	(7.9)

Source: *Chain Store Age* Executive research

the light is placed. We can really save a lot of energy."

Often, this will include the use of reflectors to replace some of the bulbs throughout the store. Harris, in fact, designed a specific reflector for 90 Shoetown branches.

"I needed someone to make a reflector for me that met our specifications, and no one made anything like that. It's a reflector that goes in a four-tube fluorescent fixture," explains Briggs. With four tubes using 40 watts each and two ballasts using 10 watts, the energy expenditure was enormous.

"We [now] use only two tubes and a reflector," Briggs continues. Of course, many firms make such fixtures, but the special needs of a shoe store mean custom-designing. "At Shoetown, we display on the average of 8,000 shoes in a store. So we have it on a 30° angle so you can see them on racks that are 8 ft. long and 6 ft. high, with 240 pairs on a rack. We couldn't get anyone to make a reflector that would enhance our shoes because they had only certain designs."

The design has worked, says Briggs. "Out of the 90 stores, we really showed a great savings: there is no doubt that we saved 50% of our lighting costs."

Still, Harris says, "Most shoe stores are easier to light [than other types of retail units] because they're laid out with a number of straight aisles. You just have to make sure the lighting is down the center of the aisles, where the other stores tend to move merchandising around; that's one of their problems."

Those aisles, though, have to be lit correctly. The usual 2 ft. by 4 ft. fixtures must be properly placed to avoid the problems often encountered by other stores. "Let's say your rows are going north/south with shoes. If you go into a store where the lights are going east/west, with the 4 ft. side going across the aisles instead of down the aisles, you're going to get fairly decent light in the aisles; but as you get closer to the walls they become dark and the rack on the walls becomes dark. You've got to direct light at the merchandise."

Light placement is a difficulty common to most stores. Certain lights, says Harris, "have optical curves, and after a certain distance, the light starts fading fast. Another problem I see is that they've got the lights behind the merchandise so that it can't get to the goods. In other stores they've laid the fixtures wrong, and certain corners and walls get dark."

To solve his own problem of ensuring the bottom rows of shoes were properly lit, Briggs actually attached strings to the shoes to determine the proper light pattern.

In addition, the more efficient use of energy will allow retailers to invest in the new color-corrected lamps that will further enhance the look of the merchandise, Harris says. Up until now, he believes, "The thing that's been holding them back, quite truthfully, is the cost of the bulbs. They're so expensive, they don't want to spring for it."

This is because of the aforementioned bottom line, as well as corporate bureaucracy, Harris explains further. "The operating guy has a budget, so he has to meet it, and these bulbs are almost double the cost, so he has trouble doing it. And this is something that really helps merchandising since it really makes everything look better. So there's no one really making the decision on the color-corrected lamp, since one wants to get the cheaper bulb. With the reflectors, the retailer's end cost for the bulb is no more than the other one. In the meantime, they're going to save 50% on their energy bill." In addition, cutting down the actual number of bulbs used will reduce maintenance and HVAC costs.

The goal of all this, of course, is to increase sales. Concludes Harris, "Basically, I would like to see lighting used as a merchandising tool." ■

FIXTURES ENHANCE PRODUCT IDENTITY AT ECKERD

DRUG CHAINS ARE FOCUSING ON UPGRADING STYLE, FUNCTION OF DISPLAYS

Bill Price thinks that drug store chains have a lot of catching up to do. Price, who is merchandising and store planning vp for 1,581-store Eckerd Drug, says that when it comes to merchandise display fixtures, drug store chains are "behind department stores, grocery stores and mass merchandisers" in adding design excitement to the interiors of their stores.

Therefore, in remodeling 250 of its units, Largo, Fla.-based Eckerd is focusing its attention on upgrading the styling of its display fixtures. The design, color and height of fixtures are now being geared to showcasing specific merchandise categories which Eckerd wants to highlight in its stores.

Rather than having customers view a sea of merchandise, through its new emphasis on fixturing to provide department identity, the drug chain is in effect aiming to achieve more of a boutique look in its stores.

Walking into the remodeled pharmaceutical area a customer just might feel "cleansed" by the blue and white fixturing which defines that department from all the others, observes Price.

And consider the wood-enhanced fixtures, which create the warmth that might be thought of as the calling card of the expanded greeting card department.

To Price, Eckerd's latest moves in improving the design of its stores through better fixturing are part of an overall effort to catch up to all the other retailers that no longer think of fixtures as merely a necessary appendage or a sea of racks for hanging merchandise.

Now, retailers across the board are looking to use fixtures to enhance their overall image. The only drawback, say industry watchers, is that the new emphasis on fixturing comes with a higher price tag.

According to *Chain Store Age Executive* research, drug store retailers last year spent an average of $6.08 per square foot for fixtures *(see accompanying charts)*. They are also embracing new fixture options.

"The trend emerging in display fixtures focuses on different types of textured metals in dark colors," says Michael Murphy, vp of Retail Planning Associates (RPA), Columbus, Ohio.

This is an example of fixtures that need to "highlight or accent merchandise display," he says, while particularly offering "strong identity to new items in the store."

While few retailers in the U.S. are using metal fixtures, says Bill Davis, senior vp-marketing, Merchandising Equipment Group (MEG) of Arlington Heights, Ill., "it is an emerging trend."

Actually, Europe is "doing a lot with metal" because the Europeans have more access to it than wood, he adds. But Davis suspects Americans will catch on.

According to Davis, wire material in chrome and colors is emerging as state-of-the-art, with colors being stronger than chrome.

"Emerging as one of the mainstay fixtures as a piece of decor to display merchandise and identify a department," Davis says, "the wire grid can handle a broad range of apparel that includes suits, sweaters and lingerie."

Although the wire grid surfaced in apparel and is primarily suited for soft goods, in the near future drug and supermarket chains may gravitate toward it, predicts Davis.

"Eventually it will find a niche in every retail category in identifying the shop-within-a-shop in their stores," he says.

He also predicts, "In the early 1990s a dramatic increase in the number of [colors] is expected to appear." This is dictated by retailers who are looking to achieve a unique look in their stores, observes MEG's marketing vp.

Colors on the horizon, he says, include teal, desert pinks, greenish blues and gray blends.

METAL SLATWALL: ACHIEVING GREATER DENSITY IN COSMETICS DEPARTMENTS

Lifespan for fixtures

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
5 years or less	13	10	5	5	25	5	25
6-10 years	48	45	40	35	50	45	70
11-15 years	20	30	15	40	5	25	5
16-20 years	13	10	25	20	10	15	—
20 years or more	1	5	—	—	—	—	—
Lifetime/permanent don't replace	3	—	15	—	—	—	—
As needed/required	1	—	—	—	5	—	—
Don't know/can't estimate	3	—	—	—	5	10	—
(MEAN NUMBER OF YEARS)	(11.8)	(12.4)	(12.9)	(12.3)	(8.7)	(11.9)	(7.9)

Source: *Chain Store Age Executive* research

"Coloration of fixtures must be in tune with or complement color of merchandise," adds Dominick Segrete of New York-based Segrete, Tucci & Rosen, a store planning architectural firm.

From a historic perspective, the trends in fixturing are surfacing because of a "total change in retailing itself," says RPA's Murphy.

Specifically, the shop-within-a-shop concept—popularized in department stores in their efforts to compete with specialty stores—is leading other types of retailers to embrace similar fixturing techniques. They are also becoming more experimental in selecting the actual fixtures to place in the stores.

For example, Murphy explains, "Textured metals in dark colors accent that special, individualized look." Overall, there is just "more play on specialty fixtures."

But the new trend in fixtures is "not a total reinventing of the wheel," he notes. Rather, manufacturers are "taking the standard fixture and adapting the new types of metals that are out there in the industry to the new type of design."

Manufacturers are starting with the basic fixturing needs of retailers—that include shelved, pegged, humped and platform—and adding to it.

For instance, platform fixtures have been and still are made of wood with a plastic laminate, notes Murphy. Now, manufacturers will take the same platform dimensions and apply new types of material such as perforated metal. Another example is to upgrade the look of a standard gondola by replacing the pegboard panel with a slatwall panel.

"Slatwall was hot, is hot and will continue to be strong," adds Davis. Originally used in apparel, right now slatwall fixtures can be seen in every retail category, he says.

The fixturing advantage, according to Davis, is that you can put merchandise as close together as you want to get optimal amount of merchandise displayed.

"Retailers want the store [design] to have impact, but they really want merchandise to be seen," he says.

Better utilization of space is something Eckerd is closing in on. The drug chain has gone to Orange, Calif.-based Uniweb's metal slatwalls—1 in. on center—to achieve greater density of product in its cosmetic department, since cosmetics encompass a high amount of peg items, explains Price.

In fact, the fundamental requirement of a fixture is to allow for "capacity and exposure," says Larry Mundorf, senior marketing vp for Canton, Ohio-based Camelot Music, a 215-store home entertainment software chain featuring records, compact discs and videos.

The new thinking continues to improve on fundamentals of fixturing, says Mundorf. As store space gets smaller due to economics, retailers are looking to go up with merchandise.

According to Mundorf, 4 ft. high fixtures used to be standard. Now, 6 ft. to 8 ft. high fixtures—an evolution in height that surfaced in the last couple of years—are becoming more prevalent in all retail categories.

The advantage to elevating fixtures, adds Mundorf, is that you can achieve greater "exposure" of merchandise.

In Camelot's three Columbus, Ohio-area superstore prototypes, the chain makes use of 6½ ft. high end-capped, tower fixtures for exposing newly released "hot products."

Mundorf considers the fixture to be a specialty one, which plays more of a role in the overall contemporary design of the store. End caps, used for product category signage, are new to Camelot and fairly new to the entertainment sector of retailing, he adds.

Another new approach, says Mundorf, is clear plexiglass shelving, which Camelot also uses. Since the fixturing is clear, the product is better exposed while giving the illusion of hanging in mid-air.

The grocery industry is gravitating toward 4 ft. to 6 ft. fixtures for greater product exposure. Drug retailers, according to Price, are moving closer to grocery and mass merchandising. Eckerd is one chain doing more with display fixtures in that height bracket.

"You can increase inventory by 17% and site space by over 20%," he says, by using 4 ft. to 6 ft. fixtures over the standard height.

According to architect Segrete, higher fixtures are most appropriate in achieving a warehouse look. Higher fixtures, he says, should not be used exclusively throughout a store. But rather a mix in elevation should be used to define store departments.

Overall, there is no question that much more design in fixturing—encompassing color, materials and elevation—is being emphasized. ■

Cost per square foot for fixtures

	Total %	Discount %	Drug %	Supermarket %	Dept. %	Home Center %	Apparel Specialty %
Less than $3.00	21	10	10	—	20	40	45
$3.00-$6.00	35	25	50	10	30	25	30
$6.01-$9.00	10	25	15	—	5	5	10
$9.01-$12.00	11	25	10	10	10	5	5
$12.01-$15.00	4	—	—	10	10	5	—
More than $15.00	20	10	10	65	20	10	5
Don't know/no answer	6	5	5	5	5	10	5
(MEAN)	($8.06)	($7.95)	($6.68)	($14.97)	($8.39)	($5.72)	($4.51)

Source: *Chain Store Age Executive* research

Types of fixtures used

	Total %	Discount %	Department %	Apparel Specialty %
Small racks for accessories	85	70	90	95
Large racks for apparel	80	55	95	90
Showcases	72	75	80	60
Glass cubes	63	50	80	60
Gondolas	62	90	65	30
Shelving	12	—	—	35
Tables	12	15	20	—
Wall display units	10	5	5	20
All other mentions	23	40	5	25

Source: *Chain Store Age Executive* research

IF IT LOOKS LIKE MARBLE, TAKE A CLOSER LOOK

AS RETAILERS UPGRADE STORE IMAGE, NEW FLOORING MATERIALS SURFACE

As retailers upgrade the look of their stores, they're also upgrading flooring; luxurious wood and marble are everywhere.

Or are they? They might just be luxury vinyl composition tiles that at casual glance are almost indistinguishable from the real thing, yet offer greater durability and easier maintenance.

One company manufacturing such tile is San Antonio-based Azrock Industries. "The reason we actually brought out these products is because real wood and real marble are very popular right now. But there are disadvantages. We feel that our product [Azrock Luxury Vinyl Tile] is very durable, easy to maintain, and low-cost compared to the real thing," says Frank Dolan, Azrock's vp-sales.

The asbestos-free tiles are made from compound PVC resins and can be installed on, above or below grade on concrete, wood or plywood subfloors. Installation over existing vinyl is not recommended by the manufacturer. The tiles are also stain and fire resistant.

VINYL COMPOSITION TILE: OFFERING DURABILITY AND EASIER MAINTENANCE

The tiles are available in designs resembling inlaid parquet, stripwood and marble, and are in 12 in. x 12 in. squares; the Century Marble pattern is also available in 12 in. by 18 in. dimensions. In addition, border patterns (consisting of strips, diamonds, or a combination of the two) are also available, to permit the retailer a great deal of customization.

Versatility can also come through the variety of colors in which the tile is available: parquet styles alone are available in smoke (gray), blush, teak, birch and bleached oak, while marble colors are in shades of beige and white, malachite and black.

Current price for the inlaid parquet is $7.70 per square foot; the cost is the same for the 3 in. x 36 in. inlaid wood and 9 in. x 36 in. wood and marble borders. The Century Marble Squares are $6.40 per square foot. Azrock notes, however, that installed prices will vary throughout the U.S. depending on local labor, freight and other costs. The products carry a 10-year limited warranty.

Though less expensive than real wood or marble, the material is more costly than other tiles. Therefore, the tiles are used basically when an upscale look is absolutely necessary.

Often, this is required by the developers housing the stores, according to A. M. Carlin, director of construction of Pittsburgh-based General Nutrition Center (GNC). "Most of the developers in the last several years have taken the direction that they do not want vinyl composition tile in their malls because it looks inexpensive, cheap, etc. They want hard tile like a ceramic or a quarry, or they want real wood floors or carpet."

This presented a special problem for GNC because of the nature of its merchandise. "Needless to say, we are not the type of store that quarry tile or marble works for, because we have so many bottles; if you drop them they break," Carlin notes.

"Ceramics are a maintenance problem in the sense that if you break some lemon juice or grape juice or honey or something, you can clean it off the tiles, but it tends to sink into the grout, so the tile is green, but the grout is purple where the grape juice

Cost per square foot for flooring

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
Less than $0.50	8	10	10	—	—	30	—
$0.50-$1.00	36	45	45	55	15	50	5
$1.01-$2.50	37	40	40	30	45	10	55
$2.51-$5.00	12	—	5	15	25	5	20
$5.01-$7.50	3	—	—	—	5	—	10
More than $7.50	4	—	—	—	10	5	10
Don't know/no answer	1	5	—	—	—	—	—
(MEAN)	($1.91)	($1.12)	($1.25)	($1.50)	($3.03)	($1.25)	($3.26)

Source: *Chain Store Age Executive* research

Lifespan for flooring

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
5 years or less	21	10	20	—	35	10	50
6-10 years	48	35	45	70	55	35	45
11-15 years	18	35	20	20	10	20	5
16-20 years	11	10	15	10	—	30	—
Lifetime/permanent don't replace	1	—	—	—	—	5	—
Don't know/can't estimate	2	10	—	—	—	—	—
(MEAN NUMBER OF YEARS)	(10.2)	(11.7)	(10.8)	(11.4)	(7.4)	(13.6)	(6.8)

Source: *Chain Store Age Executive* research

CARPETING: MORE PRACTICAL FOR RETAIL AREAS DISPLAYING SOFTGOODS

Types of flooring used

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
Vinyl	88	80	85	80	85	60	40
Carpet	57	55	55	20	90	30	90
Quarry tile	46	50	40	80	60	5	40
VCT	43	75	30	50	50	30	25
Concrete	38	60	25	50	45	45	5
Terrazzo	20	5	20	25	45	15	10
Hardwood	16	—	—	—	70	10	15
Marble	13	—	—	—	70	—	10
Ceramic tile	7	5	15	10	5	5	—
Rubber/Rubberized tile	4	10	—	15	5	—	—
Granite	3	—	—	—	10	—	5
All other mentions	11	10	5	20	15	10	5

Source: *Chain Store Age Executive* research

sank. [In addition,] the floors are very difficult to walk on," he continues.

Carpeting presents an even greater problem: possible infestation, Carlin adds. "If you spill some honey on it or drop the granola bars, you get bugs. You can't keep it clean enough to feel comfortable that you do not have an infestation situation. That leaves, in our case, vinyl composition," Carlin insists.

The Azrock tile fit the bill; Carlin estimates it's now being used in between 30 to 50 GNC stores. "It looks absolutely marvelous. We jumped on it because when it's down and installed correctly, the average person, and even some designers who have seen our stores with it down, would say, 'Look at the nice wood floor that GNC put in; why can't I have that in my mall?' When you then tell them that it's a vinyl, they just don't believe it until they examine it because it is such a high quality," he says.

It's also fairly easy to maintain that quality, according to Carlin. Maintenance is "great, because the wood look cleans up with just mild detergent and water, sometimes just damp mopping with clear water is all it takes because it has a silicon finish to it." This, in fact, makes it easier to maintain than other vinyl composition tiles, which must occasionally be stripped and waxed.

Larger stores are getting the best of both worlds, according to Azrock's Dolan. Regular vinyl composition tile may be used in high traffic areas, with more upscale departments making use of the marble or wood tile.

Thus, the next time a customer or competitor is impressed by the nice wood or marble floor, he should think again. Things aren't always what they seem. Says Dolan, "It looks so much like real wood and marble people think it's real—but it's a resilient tile." ■

SUPERMARKET STRIPS AWAY DULL PROBLEMS

CHAIN GETS FREEDOM TO BRING SHINE TO FLOORS

When Bob Brodbeck, president of Dick's Supermarket chain opened a new store in Prairie du Chien, Wis., things didn't turn out exactly as expected.

When opening a new unit, a retailer might anticipate some roadblocks, but one that Brodbeck did not count on was a problem with the store's floor.

This seven-store chain of upscale supermarkets prides itself on a clean and inviting atmosphere for its shoppers. Dull floors do not fit into its image. (Dick's is a division of Brodbeck Enterprises, based in Platteville, Wis. Store sizes for the supermarket chain range from 25,000 sq. ft. to 45,000 sq. ft.)

Because the chain is upscale, choosing shiny floor tiles is a way to tell customers that Dick's prides itself on a crisp environment, meticulous maintenance crews and customer service.

When the tiles for the new store arrived and were laid, conditions were normal. As is customary, after the floor was in place Dick's maintenance crew applied a conventional stripper to the floor in order to remove the manufacturer's protective mill coating.

(The coating is applied at the plant to protect the tile during manufacturing and installation. It also helps keep the tiles from sticking together during shipping.)

Once the coating was removed, a floor finish manufactured by Johnson Wax was applied to make the floor shine.

"Everything appeared to be fine, but then two days after the grand opening, the wax finish started to powder, meaning that the wax did not bond to the tile. This meant that the original coating had not been removed properly," explains Brodbeck.

"Not defeated yet, we stripped it again and ended up going a lot stronger with the chemical solution. We checked and made sure everything was right; it was. But, even then, we still couldn't get the coating to come

Lifespan for flooring maintenance equipment

	Total %	Discount %	Drug %	Super-market %	Depart-ment %	Home Center %
5 years or less	36	30	55	40	25	30
6-10 years	20	10	25	30	5	30
11-15 years	5	10	—	5	5	5
16-20 years	1	—	5	—	—	—
Lifetime/permanent don't replace	2	—	10	—	—	—
As needed/required	1	—	—	5	—	—
Mail our outside supplier handles	12	35	—	5	5	15
Don't know/can't estimate	23	15	5	15	60	20
(MEAN NUMBER OF YEARS)	(6.5)	(6.8)	(6.5)	(6.1)	(6.3)	(6.7)

Source: *Chain Store Age Executive* research

off," he says.

He contacted Johnson Wax (Racine, Wis.) to try to develop a solution to the problem. His complaint was not the first that Johnson Wax had received. In fact, this same thing had been happening to some of their other clients including Wal-Mart, the Bentonville, Ark.-based discount store operator.

"We heard complaints from about 12 different retailers, each of which operate several units. They all claimed that our wax finish was not adhering to the floors in their stores. It took a total of six months to detect the problem," says Monte Becker, manager of technical services for Johnson Wax.

The tile manufacturer's coating is composed of polyethylene wax and acrylic polymer and, according to Becker, it is the ratio of these two substances that seemed to be causing the problem. The coating is not compatible with typical water base floor finishes.

Johnson Wax's solution to this unpleasant floor condition is a new product called Freedom which Dick's maintenance crews began using to strip their floors.

"Freedom is a water-base solution which contains a solvent. The solvent makes it different from a conventional stripper because it dissolves or softens the factory coating," explains Becker.

The solvent is also used to remove the wax coating so that a new one can be applied. The frequency of this process depends on the retailer and the appearance of the floors in a particular store, says Becker.

While Johnson Wax developed a product that alleviates this problem, Becker also notes that some tile manufacturers are in the process of revising their coating composition. This

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will allow retailers to use traditional stripper products successfully, he says.

Becker also notes, "Not being able to get rid of the coating is a common problem. It is not just product-related either. It is also a result of how thorough a job the operators do. A meticulous crew would have to spend more time, but it can be taken off. Freedom covers human error and it saves a person between 10% to 15% the amount of time."

Freedom is also more costly than a traditional floor stripper. Becker estimates that it is about 50% more expensive.

This, however, has not been a problem for Dick's. Due to their ongoing maintenance program, they have virtually eliminated the need to strip their floors.

To supplement the Freedom solution Dick's maintenance crew uses an ultra high speed system which includes scrubbing with a Clark floor machine and Johnson's View detergent. This is supplemented by damp mopping the areas the machine can't reach.

The floor is then burnished with a high-speed, 1,500 rpm burnisher twice a week which preserves the floor finish.

"Our store standards are very high. Choosing to use this more expensive product comes down to a company's philosophy and the way we function," says Brodbeck.

"Our customer deserves an atmosphere that is conducive to shopping and one that is very clean. The level of cleanliness is the way a retailer should maintain his stores and his standards," says Brodbeck.

"Therefore, the extra cost is worth it to us." ■

Cost per square foot for flooring maintenance

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %
Less than $0.10	24	25	50	15	5	25
$0.10-$0.14	8	10	10	5	5	10
$0.15-$0.25	9	15	10	10	—	10
$0.26-$0.50	11	10	15	5	5	20
$0.51-$0.75	3	10	—	—	—	5
$0.76-$1.00	1	—	—	—	5	—
$1.01-$2.00	6	—	—	10	20	—
More than $2.00	1	—	—	—	—	5
Individual store handles it	9	25	—	15	—	5
All other mentions	3	—	5	5	5	—
Don't know/no answer	25	5	10	35	55	20
(MEAN)	($0.36)	($0.22)	($0.13)	($0.45)	($0.93)	($0.37)

Source: *Chain Store Age Executive* research

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CEILING DESIGN OPTIONS DEFINE CHAINS' IMAGE

CAMELOT MUSIC'S OPEN-CELL CONCEPT ADDS 'SEX APPEAL' TO STORES

Ever thought of a ceiling as sexy? That's the term Larry Mundorf, senior vp of Camelot Music uses to refer to the open-cell ceilings used in the chain's three Columbus, Ohio, prototype stores. He claims these add "sex appeal" to the overall design.

The design strategy behind the 3,000-sq.-ft. open-cell ceiling is to make it a dominant factor in drawing customer traffic into the center of the store, says the executive for the 215-store Canton, Ohio-based music store chain.

The open-cells at Camelot's 10,000-sq.-ft. Columbus stores create a spacious mood, he says. In the center of the store, where Camelot screens "hot" music videos on a TV wall in a wide-open, 900-sq.-ft. area, the ceiling invites the customer in to shop. In the perimeter area, Camelot displays records, compact discs, tape cassettes, music videos and movies.

The mood created by the ceiling is due to its 3 ft. elevation from the perimeter ceiling. The perimeter—a traditional 10-ft.-high ceiling done in 2 ft. by 2 ft. gray lay-in tile—provides a bold contrast to the open-cells. It is the contrast in elevation that draws the customer's eye into the center of the store.

Camelot Music is not alone in putting greater emphasis on ceiling design, says Jim Armour, spokesman for Lancaster, Pa.-based Armstrong World Industries.

"We've seen a shift in where money is spent," he says. "Generally 2%-3% of total building cost is allotted to a ceiling for new store construction," notes Armour. "But some people are spending 3%-4%. In fact, Armstrong has seen 20% of its retail clients move into the 3%-4% category," he says.

"Retailers are looking for higher style," observes Bill Martin, marketing manager for Charlotte, N.C.-based Alcan Ceiling Products, Camelot's open-cell ceiling supplier.

Supermarkets, for example, are varying ceiling heights as a device to differentiate departments, Martin notes. The open-cell structure is dropped from the existing ceiling, while the department on the floor is lit exclusively through the open cell.

According to Carl Burgeson of Chicago-based USG Interiors, a narrower exposed grid system and flush-mounted systems are additional trends. The grid is less exposed for a "more tailored look," explains Burgeson.

One of the big advantages of the panel grid system is that it allows for updating. For instance, he says, "Sears has not been satisfied with anything they have done, and they keep experimenting."

"Options in ceiling construction are what retailers are dictating," says Alcan's Martin. "Retailers are becoming more sensitive to the image they create and have realized that consistency in store design is needed to create and maintain image." ■

Types of ceilings used

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
2x4 ft. lay-in panels	74	80	100	85	55	65	60
Acoustical	33	40	65	25	30	20	15
2x2 ft. lay-in panels	26	15	10	20	70	10	30
Tegular 2x4 ft. lay-in panels	15	5	20	10	15	–	40
Tegular 2x2 ft. lay-in panels	10	–	10	–	30	–	20
Plaster	9	10	–	5	25	–	15
12x12 concealed spline	9	10	10	5	20	–	10
Dry wall	4	–	5	–	15	–	5
Sheet rock	3	–	10	–	5	–	–
All other mentions	14	20	5	5	15	40	–
Don't know/no answer	5	15	–	5	–	10	–

Source: *Chain Store Age Executive* research

Lifespan for ceilings

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
5 years or less	5	10	—	—	5	5	10
6-10 years	36	25	45	35	20	30	60
11-15 years	21	15	15	20	30	25	20
16-20 years	23	30	30	25	30	15	5
21-29 years	2	—	—	5	5	—	—
30 years or more	2	—	—	5	—	5	—
Lifetime/permanent don't replace	5	—	10	5	10	5	—
Don't know/can't estimate	8	20	—	5	—	15	5
(MEAN NUMBER OF YEARS)	(13.9)	(13.4)	(13.1)	(17.6)	(15.2)	(13.9)	(10.4)

Source: *Chain Store Age Executive* research

Cost per square foot for ceilings

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %	Apparel Specialty %
Less than $0.50	8	5	5	—	5	25	5
$0.50-$1.00	45	45	50	60	35	60	20
$1.01-$2.50	29	25	40	20	35	—	55
$2.51-$5.00	8	5	5	5	15	—	15
More than $5.00	1	—	—	—	—	5	—
Don't know/no answer	10	20	—	15	10	10	5
(MEAN)	($1.35)	($1.22)	($1.28)	($1.16)	($1.62)	($0.99)	($1.78)

Source: *Chain Store Age Executive* research

HVAC SYSTEMS: SUITABILITY IS THE KEY

FOR SOME RETAILERS, MORE SOPHISTICATED EQUIPMENT ISN'T NECESSARY

Despite the great technological advances abounding in all areas of retail, changes in the function of HVAC systems haven't really been revolutionary.

"There have been some advances in air-conditioning technology, but in reality the concerns and problems that have occurred through the years are still occurring. It's a piece of machinery, and as such, things go wrong," says Arthur J. Benson, president of-Tuckahoe, N.Y.-based SureAir. The firm specializes in management of HVAC, plumbing and electrical services with more than 250 retail chains among its clients.

Advances have, of course, occurred. These include the increasing computerization of controls. Still, Benson says, "Depending on the size of the store; the more sophisticated control systems for the much smaller space retailer just don't make any sense whatsoever," says Benson.

As a "smaller" retailer (in terms of square footage), Bob Henderson, vp-construction at Stamford, Conn.-based Waldenbooks, agrees. "We have stayed away from the computerized thermostat in our divisions because of the size of the stores; it's not like it's a department store or a 12,000-to-15,000-sq.-ft. ready-to-wear in a mall."

Again, people are another factor in that decision. With normal employee turnover, constantly training newcomers would be a major difficulty, Henderson adds. "And [the systems] are tricky. To educate the layman in the field to do it consistently in our 1,000 stores doesn't pay for us."

Benson notes, though, that many companies still buy expensive pieces of air-conditioning equipment and "then they say, 'Well, it's up there and it's running and it's nice, and it's cool, we're just going to keep it running. And we'll never change the filters, and if something happens, we'll buy a new one.' People actually still *do* that," Benson adds.

This could be especially dangerous for mega-unit chains; after all, climate control must be adapted to individual climates, Henderson points out.

"Our designers are in a position to design the store on the basis of its location," he explains. "So they'll give you, naturally, more air-conditioning in a Virginia store than in Alaska or Michigan, and you'll get more heat in Alaska than Florida. That goes without saying."

Even the best designs occasionally have a glitch, however. In Waldenbooks' Norfolk, Va., store, paperback covers began to curl due to excessive humidity. The installation of an expensive and complicated dehumidification system was considered.

Benson's company was then called in for a corporate "second opinion." SureAir found that the chilled water system used at the store was more than twice the size needed for the occupied space; through the temperature level was fine, the store was left with far too much humidity. With a reduction of fan speed and water flow through the coil, the problem was solved at a total cost of $110.

"Again, it's the design of the location," says Henderson. "In pockets across the country where you do have the heat or humidity problem, the designer has to compensate accordingly. In a candy store, the candy would have melted. In my particular case, the pages curled."

Still, there are too many retailers acting like customers when it comes to HVAC: they only notice it when something's wrong, says Benson. "When you look at what goes into a retail store, the air-conditioning system they're putting in is probably the single most expensive thing they're doing."

He adds, "If you walk into a store in the middle of summer and it's 95°F outside and the temperature inside that store is also 95°F, how long are you going to stay in?"

Benson guesses not long. "If you don't have something you should have, you'll lose customers." ■

Lifespan for HVAC

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %
5 years or less	7	5	10	5	—	15
6-10 years	13	20	15	—	20	10
11-15 years	32	30	40	30	25	35
16-20 years	34	30	35	50	35	20
21-29 years	5	5	—	5	10	5
30 years or more	2	—	—	—	5	5
Lifetime/permanent/ don't replace	1	—	—	5	—	—
As needed/required	3	10	—	—	—	5
Don't know/never replaced	1	—	—	—	—	5
Don't know/can't estimate	2	—	—	5	5	—
(MEAN NUMBER OF YEARS)	(15.8)	(14.8)	(14.1)	(17.3)	(17.1)	(15.6)

Source: *Chain Store Age Executive* research

Cost per square foot for HVAC

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %
Less than $0.10	2	—	5	—	—	5
$0.10-$0.14	7	10	—	—	5	20
$0.15-$0.25	7	5	15	5	5	5
$0.26-$0.50	6	5	—	—	10	15
$0.51-$0.75	9	20	—	5	10	10
$0.76-$1.00	7	5	15	—	5	10
$1.01-$2.00	20	20	10	40	15	15
More than $2.00	35	35	50	40	35	20
All other mentions	1	—	—	—	5	—
Don't know/no answer	5	—	5	10	10	—
(MEAN)	($1.45)	($1.39)	($1.65)	($1.82)	($1.48)	($0.97)

Source: *Chain Store Age Executive* research

BLOOMINGDALE'S SOLVES MULTI-LEVEL PROBLEMS

HEADQUARTERS STORE PRESENTS UNIQUE REROOFING AND REPAIR CHALLENGES

In the past whenever Bloomingdale's in New York City had a leaky roof, it was never easy to fix. In fact, half of the battle for its engineer and maintenance crews was finding the leak's origination and then digging through layers and layers of built-up roof (BUR) material.

"The Bloomingdale's flagship store had an old roof and to complicate the situation further, the building is built on different levels so the roof covers different heights," says Allen Jacoby, president of Encino, Calif.-based Burtech Consultants. Burtech worked with Bloomingdale's in eventually solving most of its roofing problems at the headquarters store.

Jacoby adds that relating to the New York store's roof, "There had also been a lot of professional and unprofessional repairs made. As a result, some of the levels had four to five layers of BUR material on them."

According to Andy Greene, capital project manager for the store, the age of various sections of the roof ranged from five years to 55 years on different levels. As somewhat of an understatement, he adds, "In some parts, it was a very old roof and something obviously needed to be done."

Specifically, he recalls that before Burtech came into the picture, "We had numerous leaks and because the roof had been repaired by so many people, we had to bring in a different person for each of the levels when additional work had to be done. This meant that we were expending a lot of money on an annual basis just to take are of necessary repairs."

Problems in finding a leak in the Bloomingdale's roof were compounded by the fact that the roof was covered by a layer of gravel.

"In addition, if a mechanic went up on the roof to make a repair, he had equipment with him that might punch a hole in the material. Such a leak would not show up right away. Often, by the time anyone noticed it, it was already a problem," explains Jacoby.

Tiring finally of the complicated, expensive repairing process, and after evaluation and inspection of different roofing materials, the Bloomingdale's management team finally decided to replace the existing, conventional BUR with Owens Corning Fiberglas's Durbigum SP system.

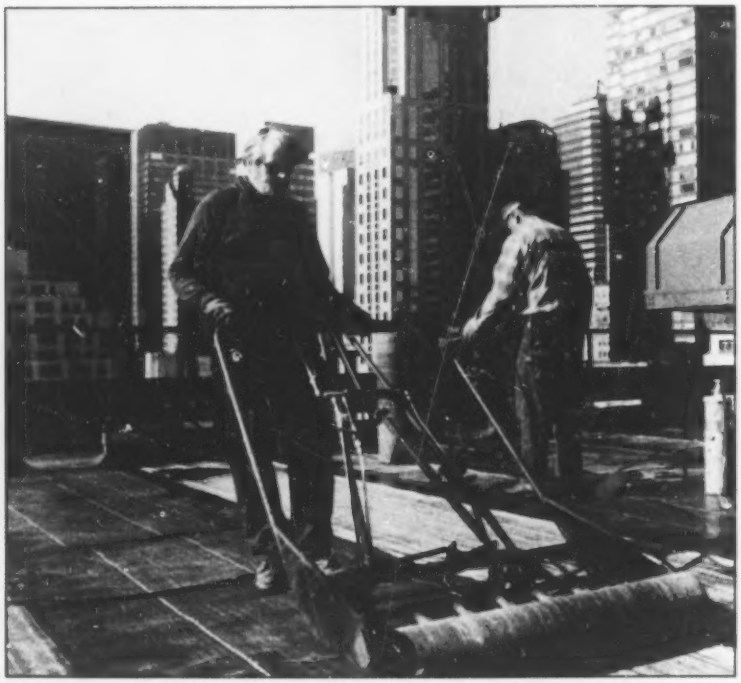
According to Jacoby, the cost to install the roof was more than $1 million. At press time, the roof is still being installed and is scheduled to be completed by the end of this month.

The Durbigum SP system is a modified bitumen product which, according to Jacoby, incorporates the benefits of both a BUR and a single-ply material.

The modified bitumen consists of asphalt which has been made stronger by such materials as fiberglass and polyester. All of these products are laminated together and the finished product comes in sheets. Therefore, the system has the components of a BUR and the design of a single-ply material, says Jacoby.

In addition, the product has been purposely designed to minimize the two conditions that contribute most to the deterioration of a roof: ultraviolet rays and oxidation.

Relating this to the problems experienced by Bloomingdale's physical supports team, "The purpose of the new installation at Bloomingdale's is



DRAGON WAGON: ATTACHING NEW ROOF AT BLOOMINGDALE'S, N.Y.C.

Cost per square foot for roofing

	Total %	Discount %	Drug %	Supermarket %	Department %	Home Center %
Less than $.50	4	–	5	–	–	15
$0.50-$1.00	14	10	25	–	10	25
$1.01-$2.50	54	60	40	75	50	45
$2.51-$5.00	18	25	20	20	15	10
More than $5.00	6	5	10	5	5	5
Don't know/no answer	4	–	–	–	20	–
(MEAN)	($2.28)	($2.45)	($2.41)	($2.45)	($2.37)	($1.77)

Source: *Chain Store Age Executive* research

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PHYSICAL SUPPORTS CENSUS

Types of roofing used

	Total %	Discount %	Drug %	Super-market %	Depart-ment %	Home Center %
BUR (Built-up roof)	86	80	90	50	80	30
Single-ply membrane	65	80	55	80	55	55
Metal	38	50	45	15	15	65
Fabric	12	5	20	5	20	10
All other mentions	13	25	5	10	15	10

Source: *Chain Store Age Executive* research

Lifespan for roofing

	Total %	Discount %	Drug %	Super-market %	Depart-ment %	Home Center %
5 years or less	1	5	—	—	—	—
6-10 years	16	15	15	20	15	15
11-15 years	32	50	45	30	20	15
16-20 years	42	30	35	40	50	55
21-29 years	2	—	5	—	—	5
30 years or more	3	—	—	5	—	10
Don't know/never replaced	2	—	—	5	5	—
Don't know/can't estimate	2	—	—	—	10	—
(MEAN NUMBER OF YEARS)	(16.5)	(14.4)	(16.1)	(16.5)	(16.8)	(19.0)

Source: *Chain Store Age Executive* research

to improve the roof's weatherability. This is one area where this product fares well," explains David Rich, product and development manager of commercial roofing membranes for Owens Corning.

"When oxidation occurs, the roof will crack and this ultimately affects the waterproofing component," he says. "This is how you get [moisture] inside."

Another advantage of the Durbigum SP system is the ease of its installation. Installers can apply it with a torch and it then automatically adheres to the roof deck. The next step is to apply a white reflective coating which is put on top of the sheet for the purpose of decreasing the amount of heat the roof can absorb. This ultimately results in significant energy savings for retailers who install this product, according to Rich.

"The white coating deflects the sun and therefore helps to keep the roof cooler," Jacoby reports. "In the summer the temperature on a black roof can get as hot as 160°F. Such a high temperature can cause the roof membrane to heat up and this causes eventual deterioration." (The Durbigum is designed to withstand variances in temperature in excess of 200°.)

In addition to problems with temperature swings, however, management was also concerned about the structural strength of the roof since that is where it has installed a great deal of equipment, including air-conditioning and cooling units. Therefore, strength and puncture resistance were also important criteria for the new roofing material.

Further, the roof has to be able to withstand a great deal of foot traffic. Most retailers usually have in-house maintenance crews who are capable of making routine examinations of the roofs and making minor repairs, observes Jacoby.

With the Durbigum system, if a repair has to be made on the roof, it is a simple process, he says. To carry out such repairs, all the repairman needs is a small burner.

"We leave the retailer with some extra bitumen sheets. The employee needs to cut the desirable amount for the repair, heat the bottom of it and place it over the hole. By using this process, the new seam becomes very strong, probably stronger than any other part of the roof system," says Jacoby.

Referring to the decision made by Bloomingdale's management team, "We wanted a unified roofing system throughout the building," recalls Greene. In the future, "When a guy goes to repair the 11th floor and the third floor, he will be able to use the same kinds of tools for both. It is less labor intensive." In the long run, that means less costly, too. ■